



Wrong, but not failed? Making strategy implementation resilient

Wied, Morten; Oehmen, Josef

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Wrong, but not failed?

Making strategy implementation resilient

WHEN SUCCESS DEPENDS ON THE UNKNOWN

The success of strategy implementation typically depends on conditions we cannot foresee, and which will only become obvious during or after implementation.



TOWARDS RESILIENT STRATEGY IMPLEMENTATION

Resilience is about reducing success-dependency on unknowns. So, how can strategy be designed for implementation under a wider range of conditions, than can be foreseen?



Adapted from Holling (1973) and Walker, Holling, Carpenter, and Kinzig (2004)

HOW DO LEADING BUSINESSES IMPLEMENT RESILIENT STRATEGIES?

We investigated resilient behaviour in businesses implementing strategy under highly uncertain conditions. Some examples of their responses are quoted below.

EXPOSURE	BUFFERING	MODIFIABILITY	REDUNDANCY	MULTIFUNCTIONALITY	REVERSIBILITY
<p>Change the setting to fit the needs of implementation.</p> <p><i>“We decided not to make a Chinese footprint.”</i> CEO after considering the uncertainties of setting up production in China.</p> <p><i>“Munich is a lot closer than the US. That made a huge difference to our strategy execution”</i> CEO responsible strategy implementation discussing the importance of location.</p>	<p>Add excess capacity to initiatives that must not fail.</p> <p><i>“We identify projects that we must win, and then we do something extra, adding more management capacity and putting more effort in talking to clients, and finding the right partners.”</i> CEO discussing initiatives that must not fail.</p> <p><i>“If you are too ‘locked down’ in how to invest, and something happens in some country after six months, you lose the opportunity to respond to those opportunities.”</i> CEO discussing the value of uncommitted reserves in strategy implementation.</p>	<p>Implement initiatives that can be easily modified.</p> <p><i>“What shouldn’t change is the desired outcome. But you have to be able to adapt your approach to that outcome.”</i> CEO discussing committing to outcomes rather than approaches.</p> <p><i>“We should not come [up] with a global strategy of 250 pages because then there’s no room left to manoeuvre.”</i> CEO on avoiding commitment to detailed plans.</p>	<p>Launch parallel, expendable initiatives, and commit later.</p> <p><i>“We expect nine out of ten to fail, or at least four out of five to fail, and that’s not really part of our culture.”</i> CEO discussing accepting expendability of strategy initiatives.</p> <p><i>“We would probably have 10, 15, what we would call, moonshots. [...] we may consider to invest more and also some of the others we may decide to kill early on.”</i> CEO on high-risk, high-gain strategy initiatives.</p>	<p>Implement initiatives with many successful outcomes.</p> <p><i>“If you come up with a very firm, fixed end-state, that might be right at the point you did that, but maybe five seconds later or a year later, that might be totally wrong. [...] it’s more [about] direction than destination.”</i> CEO about open-ended initiatives.</p> <p><i>“Some projects are just projects, business. Okay [...]. [But] this project we should have some learning around, and say, “Is there something in there that we can apply to other projects”.</i> CEO discussing initiatives with multiple objectives.</p>	<p>Implement reversible, low-downside initiatives.</p> <p><i>“Where are your exit ramps? Where can you get off this?”</i> CEO on designing reversibility into high-risk strategy initiatives.</p> <p><i>“It was a couple millions or something like that. So, I knew, I mean, I’m not going to blow up the company if we just throw it out. So it was limited.”</i> CEO considering the reversibility of an initiative.</p>

We conducted 36 interviews, and organised results within six principles of resilient design, adapted from Wied and Oehmen (2018)